

# HOUSE REPUBLICAN PLAN

## Transforming the Basic Health Plan (BHP)

### OVERVIEW OF SOLUTIONS

- Transform the BHP into a premium-subsidy program for *legal* Washington residents ages 35 to 64.
- Reform the private health insurance market to allow core-benefit plans for young adults and small businesses, along with allowing the purchase of health plans offered in other states.

### ASSUMPTIONS

- Annual cost of the BHP is approximately \$300 million per year, \$600 million per biennium (state-only program).
- Average cost to the state for the BHP per member, per month (pmpm) = \$210 (does not include enrollee's premium share).
- March 2009 enrollment: 104,149.

### HOW SOLUTIONS WOULD WORK

**Children** – all children are eligible for a DSHS medical assistance program (i.e. Apple Health for Kids).

- Assumptions/estimates – 7,640 children still on the BHP = \$19,252,800 per year.
  - State would still pay average of 40 percent state match on \$150 Medicaid/SCHIP Plan (\$60 per month).
- **Savings = \$13,752,000 per year.**

**19 to 34-year-olds** – young adults would not be eligible for a subsidy, as core-benefit plans would be available in private market (*these plans in other states range from \$70-\$190 per month, depending on deductible and rating used by state*).

- Assumptions/estimates – 27 percent, or 30,400 individuals.
- **Savings = \$76,608,000 per year.**

**35 to 64-year-olds employed with employer-sponsored insurance option** – individuals enroll in employer plan and receive premium subsidy for employee premium share.

- Assumptions/estimates.
  - 61 percent employed = 35,368 individuals (of which 48 percent are employed full-time = 16,977).
  - 36 percent self employed = 6,112 individuals (leaving 10,865 with potential employer benefits).
  - Estimated that 75 percent offer insurance = 8,149 individuals.
  - Estimated that employer pays 75 percent of \$300 premium = \$225; employee responsible for \$75, state would pay \$50 (savings of \$160 pmpm).
- **Savings = \$15,646,080 per year.**

**Remaining 35 to 64-year-olds** – provide average premium subsidy of \$150 (save \$60 per month, per enrollee).

- Assumptions/estimates – 49,832 individuals.
- **Savings = \$35,879,040 per year.**

**65-years-old and older** – not qualified for Medicare.

- Assumptions/estimates – most likely non-citizens, as would otherwise be eligible for Medicare and/or Medicaid – 1,686 individuals.
- **Savings = \$4,248,720 per year.**

**Non-citizens**

- Assumptions/estimates – 10 percent of 35 to 64-year-olds, or 6,422 individuals.
- **Savings = \$16,233,840 per year.**

**TOTAL SAVINGS = \$162,367,680 per year, or \$324,735,360 per biennium (a 54 percent reduction).**